



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
JESSAMINE COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE JESSAMINE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Jessamine County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$635,289 from the prior fiscal year, resulting in a cash surplus of \$6,568,482 as of June 30, 2000. Revenues increased by \$2,865,181 from the prior year and disbursements increased by \$3,484,671.

Debt Obligations:

Capital lease principal agreements totaled \$1,540,000 as of June 30, 2000. Future principal and interest payments of \$2,282,610 are needed to meet these obligations. The administrative office of the courts will provide \$1,914,200 for principal and interest.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable William Neal Cassity, Jessamine County Judge/Executive

Members of the Jessamine County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Jessamine County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Jessamine County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Jessamine County, Kentucky prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided for in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Jessamine County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 2000, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable William Neal Cassity, Jessamine County Judge/Executive

Members of the Jessamine County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Jessamine County, Kentucky, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. The information provided on the accompanying schedules, except for the schedule of findings and questioned costs, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2000 on our consideration of Jessamine County, Kentucky's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -

December 1, 2000

JESSAMINE COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

William Neal Cassity	County Judge/Executive
Bobby Day Wilson	Magistrate
Jimmy Wells	Magistrate
John Nickell	Magistrate
Terry Meckstroth	Magistrate
Steve Gayheart	Magistrate
George Dean	Magistrate

Other Elected Officials:

Howard Downing	County Attorney
Frank Hubbard	Jailer
Eva L. McDaniel	County Clerk
Doug Fain	Circuit Court Clerk
Joe Walker	Sheriff
Robert Thompson	Property Valuation Administrator
Joseph S. Northup	Coroner

Appointed Personnel:

Dorothy Ward	County Treasurer
Judy Miller	Occupational Tax Collector

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

JESSAMINE COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:		
Cash	\$	6,095,915
Road and Bridge Fund:		
Cash		64,207
Jail Fund:		
Cash		43,839
Local Government Economic Assistance Fund:		
Cash		275,553
Kentucky Association of Counties Leasing Trust		
Jessamine County Courthouse Annex Fund:		
Acquisition Account		38,545
Sinking Account		8
Revolving Benefits Account - Cash		
		<u>160,663</u>
	\$	6,678,730

Special Revenue Fund Type

Emergency Services Fund:		
Cash		50,415

Other Resources

General Fund Type

General Fund:		
Amounts to be Provided in Future Years from Administrative		
Office of the Courts and Fiscal Court for Kentucky		
Association of Counties Leasing Trust Agreement		<u>1,501,447</u>
Total Assets and Other Resources	\$	<u><u>8,230,592</u></u>

The accompanying notes are an integral part of the financial statements.

JESSAMINE COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund Types

General Fund:

Kentucky Association of Counties Leasing Trust		
Agreement - Principal (Note 4)	\$	1,540,000
Revolving Benefits Account - Cash		160,663

Fund Balances

Unreserved:

General Fund Type

General Fund	\$	6,095,915	
Road and Bridge Fund		64,207	
Jail Fund		43,839	
Local Government Economic Assistance Fund		<u>275,553</u>	6,479,514

Special Revenue Fund Type

Emergency Services Fund	<u>50,415</u>
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Total Liabilities and Fund Balances	<u>\$ 8,230,592</u>
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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

JESSAMINE COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	<u>General Fund Types</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 12,379,134	\$ 9,909,668	\$ 769,720	\$ 760,424
Transfers In	1,689,554		105,000	342,320
Kentucky Advance Revenue Program	3,941,300	3,941,300		
Total Cash Receipts	<u>\$ 18,009,988</u>	<u>\$ 13,850,968</u>	<u>\$ 874,720</u>	<u>\$ 1,102,744</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 11,610,031	\$ 7,655,720	\$ 888,629	\$ 1,140,653
Schedule of KACO Leasing Trust/ Jessamine County Courthouse Annex Fund Expenditures	133,814			
Transfers Out	1,689,554	1,689,554		
Kentucky Advance Revenue Program Repaid	3,941,300	3,941,300		
Total Cash Disbursements	<u>\$ 17,374,699</u>	<u>\$ 13,286,574</u>	<u>\$ 888,629</u>	<u>\$ 1,140,653</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 635,289	\$ 564,394	\$ (13,909)	\$ (37,909)
Cash Balance - July 1, 1999	<u>5,933,193</u>	<u>5,531,521</u>	<u>78,116</u>	<u>81,748</u>
Cash Balance - June 30, 2000	<u><u>\$ 6,568,482</u></u>	<u><u>\$ 6,095,915</u></u>	<u><u>\$ 64,207</u></u>	<u><u>\$ 43,839</u></u>

The accompanying notes are an integral part of the financial statements.

JESSAMINE COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 2000
(Continued)

General Fund Types			Special Revenue Fund Type
Local Government Economic Assistance Fund	KACO Leasing Trust/Jessamine County Courthouse Annex Fund Acquisition Account	Sinking Account	Emergency Services Fund
\$ 260,223	\$ 2,392	\$ 113,877	\$ 562,830 1,242,234
\$ 260,223	\$ 2,392	\$ 113,877	\$ 1,805,064
\$ 120,227	\$	\$	\$ 1,804,802
	10,398	123,416	
\$ 120,227	\$ 10,398	\$ 123,416	\$ 1,804,802
\$ 139,996 135,557	\$ (8,006) 46,551	\$ (9,539) 9,547	\$ 262 50,153
\$ 275,553	\$ 38,545	\$ 8	\$ 50,415

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Jessamine County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the KACo Leasing Trust/Jessamine County Courthouse Annex Fund as part of the reporting entity.

Additional – Jessamine County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky Constitution provides for election of the above officials from the geographic area constituting Jessamine County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are subjected by oversight of state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. A list of Jessamine County Fiscal Court's Fund Types, a definition of each, and a list of county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Jessamine County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), and KACo Leasing Trust/Jessamine County Courthouse Annex Fund.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Emergency Services Fund of the Fiscal Court is reported as a Special Revenue Fund Type.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided for in future years.

D. Legal Compliance - Budget

The Jessamine County budget is adopted on a modified cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

A formal budget is not adopted for the KACo Leasing Trust/Jessamine County Courthouse Annex Fund. In accordance with the Use and Sublease Agreement between the Administrative Office of the Courts (AOC) and the Jessamine County Fiscal Court, AOC is required to make its semi-annual use allowance payments directly to the Trustee's Sinking Account. The balance of the County's lease requirement is budgeted as transfers to the Sinking Account in the General Fund Type. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Jessamine County Fiscal Court: Jessamine Water District No. 1 and Jessamine/South Elkhorn Water District

G. Joint Ventures

The county, in conjunction with the City of Nicholasville, has created Nicholasville/Jessamine County Parks and Recreation, whose purpose is to provide, maintain, and conduct public parks, playgrounds, and recreation centers. Nicholasville/Jessamine County Parks and Recreation is composed of five members appointed by the County Judge/Executive, with the approval of the fiscal court and five members appointed by the Mayor, with the approval of the city council. The county contributed \$200,000 to Nicholasville/Jessamine County Parks and Recreation for the year ended June 30, 2000. The county and city jointly own the Nicholasville/Jessamine County Parks and Recreation property.

H. Jointly Governed Organizations

The Jessamine County Economic Development Authority (JCEDA), whose purpose is to acquire and develop industrial sites and plants for the community, is a joint board of the county and city. The County Judge/Executive with approval of the fiscal court appoints three members and the Mayor with the approval of the city council appoints three members. The county has no equity interest. The county contributed \$45,000 to the JCEDA for the year ended June 30, 2000.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bonds which named the county as beneficiary/obligee on the bonds.

Note 4. Capital Lease-Purchase Agreements

On July 3, 1997, the Jessamine County Fiscal Court entered into a 20-year leasing agreement with Kentucky Association of Counties Leasing Trust for the Jessamine County Courthouse Annex. Principal payments are due annually by January 20.

Fiscal Year Ending June 30	Principal Payment	Interest Payment	Total Payment	Less AOC Rental Amount*	Net Amount Due From County
2001	\$ 59,000	\$ 74,803	\$ 133,803	\$ (112,600)	\$ 21,203
2002	62,000	71,829	133,829	(112,600)	21,229
2003	65,000	68,707	133,707	(112,600)	21,107
2004	68,000	65,437	133,437	(112,600)	20,837
2005	72,000	61,998	133,998	(112,600)	21,398
2006-2017	1,214,000	399,836	1,613,836	(1,351,200)	262,636
Totals	<u>\$ 1,540,000</u>	<u>\$ 742,610</u>	<u>\$ 2,282,610</u>	<u>\$ (1,914,200)</u>	<u>\$ 368,410</u>

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 4. Capital Lease-Purchase Agreements (Continued)

In accordance with a sublease agreement between the Administrative Office of the Courts (AOC) and the Jessamine County Fiscal Court dated July 3, 1997, AOC committed itself to participate in providing part of the cost of constructing a courthouse annex through use allowance payments of \$112,600 per fiscal year. Any interest earned on the Sinking Account where AOC deposits its use allowance payment until the Trustee applies them towards the lease requirements will reduce the net amount due from Jessamine County.

Note 5. Lease-Purchase Agreement

Description	Principal Balance 7/1/1999	Principal Paid	Interest Paid	Principal Balance 6/30/2000
Three(3) 1998 Jeep Cherokee Sheriff Vehicles	\$ 39,540	\$ 19,770	\$ 1,115	\$ 19,770

Note 6. Jessamine County Economic Development Authority/Haydon Steel Services, Inc. Lease-Purchase Agreement

During the fiscal year ended June 30, 2000, Jessamine County received \$698,263 of Community Development Block Grant money which was passed through to the Jessamine County Economic Development Authority for purchasing industrial equipment to be leased to Haydon Steel Services, Inc. Pursuant to a lease-purchase agreement dated June 29, 1999 between Jessamine County Economic Development Authority (subrecipient of the county's federal funds), and Haydon Steel Services, Inc., Haydon Steel Services, Inc. is to repay the entire \$698,263 through monthly rental payments to the Jessamine County Economic Development Authority at a rate of 2.0% per annum over a period of five years. As of June 30, 2000, Haydon Steel Services was in substantial compliance with the agreement. Outstanding principal as of June 30, 2000, was \$664,982.

Note 7. Jail Canteen Account

Jail Canteen operations are authorized under KRS 441.135(1)(2), which allows the Jailer to sell snacks, sodas, cigarettes, etc. to inmates incarcerated in the local jail. The profits generated from the sale of these items are to be used for the benefit or recreation of the inmates. Also applicable to Canteen operations are KRS 68.210, and Technical Audit Bulletins 93-002 and 97-001. KRS 68.210 requires the Jailer to maintain minimum accounting records and report annually to the County Treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletins 93-002 and 97-001 provide further accounting and expenditure guidance for acceptable Jail Canteen operations.

During the Fiscal Year Ending June 30, 2000, the Jessamine County Jail Canteen received \$102,487 and expended \$74,251 The ending balance of the Jail Canteen Fund as of June 30, 2000 was \$85,083.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 8. Insurance

For the fiscal year ended June 30, 2000, Jessamine County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

JESSAMINE COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 8,817,325	\$ 10,025,937	\$ 1,208,612
Road and Bridge Fund	675,149	769,720	94,571
Jail Fund	737,125	760,424	23,299
Local Government Economic Assistance Fund	182,000	260,223	78,223
<u>Special Revenue Fund Type</u>			
Emergency Services Fund	<u>680,040</u>	<u>562,830</u>	<u>(117,210)</u>
Totals	<u>\$ 11,091,639</u>	<u>\$ 12,379,134</u>	<u>\$ 1,287,495</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 11,091,639
Add: Budgeted Prior Year Surplus			5,845,470
Less: Other Financing Uses			<u>(53,000)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 16,884,109</u>

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SCHEDULE OF OPERATING REVENUE

JESSAMINE COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

		GOVERNMENTAL FUND TYPES	
		General Fund Type	Special Revenue Fund Type
	Totals (Memorandum Only)		
REVENUE:			
Taxes	\$ 5,559,887	\$ 5,559,887	\$
In Lieu Tax Payments	2,289	2,289	
Excess Fees	646,888	646,888	
License and Permits	112,981	112,981	
Intergovernmental Revenues	4,530,866	4,528,275	2,591
Charges for Services	676,309	126,040	550,269
Miscellaneous Revenues	501,047	493,622	7,425
Interest Earned	348,867	346,322	2,545
Total Operating Revenue	<u>\$ 12,379,134</u>	<u>\$ 11,816,304</u>	<u>\$ 562,830</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

JESSAMINE COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 4,758,113	\$ 3,148,862	\$ 1,609,251
Protection to Persons and Property	1,196,018	1,131,259	64,759
General Health and Sanitation	731,535	413,190	318,345
Social Services	116,742	74,670	42,072
Recreation and Culture	3,115,205	1,865,524	1,249,681
Roads	1,386,049	857,177	528,872
Other Transportation Facilities and Service	26,000	21,000	5,000
Debt Service	78,780	71,324	7,456
Capital Projects	1,819,856	1,136,004	683,852
Administration	1,450,431	1,086,219	364,212
Total Operating Budget - All General Fund Types	\$ 14,678,729	\$ 9,805,229	\$ 4,873,500
Other Financing Uses:			
Kentucky Association of Counties Leasing Trust Agreement- Principal	53,000		53,000
Kentucky Advanced Revenue Program Principal	3,941,300	3,941,300	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 18,673,029</u>	<u>\$ 13,746,529</u>	<u>\$ 4,926,500</u>

JESSAMINE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 2000
 (Continued)

<u>Expenditure Categories</u>	<u>SPECIAL REVENUE FUND TYPE</u>		
	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
Protection to Persons and Property	\$ 2,005,540	\$ 1,617,360	\$ 388,180
Administration	<u>199,840</u>	<u>187,442</u>	<u>12,398</u>
 TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	 \$ 2,205,380	 \$ 1,804,802	 \$ 400,578

**SCHEDULE OF KACO LEASING TRUST/JESSAMINE
COUNTY COURTHOUSE ANNEX FUND EXPENDITURES**

JESSAMINE COUNTY
SCHEDULE OF KACO LEASING TRUST/JESSAMINE
COUNTY COURTHOUSE ANNEX FUND EXPENDITURES

Fiscal Year Ended June 30, 2000

<u>Expenditure Items</u>	<u>Acquisition Account</u>	<u>Sinking Account</u>
Cash Management Fees	\$ 119	\$ 66
KACO Leasing Trust Agreement-		
Principal		56,000
Interest	10,279	67,350
	<hr/>	<hr/>
Totals	<u>\$ 10,398</u>	<u>\$ 123,416</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable William Neal Cassity, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Jessamine County Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated December 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jessamine County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jessamine County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable William Neal Cassity, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 1, 2000

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable William Neal Cassity, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Jessamine County Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. Jessamine County's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jessamine County's management. Our responsibility is to express an opinion on Jessamine County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jessamine County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jessamine County's compliance with those requirements.

In our opinion, Jessamine County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of Jessamine County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jessamine County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Honorable William Neal Cassity, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court
Report On Compliance With Requirements
Applicable To Each Major Program And Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 1, 2000

FINDINGS AND QUESTIONED COSTS

JESSAMINE COUNTY
FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2000

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Jessamine County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Jessamine County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award programs for Jessamine County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Jessamine County reported in Part C of this Schedule.
7. The program tested as major programs was: Community Development Block Grant - CFDA #14.228
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Jessamine County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None

NONCOMPLIANCES

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JESSAMINE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2000

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Cash Programs</u>		
<u>National Oceanic and Atmospheric Administration</u>		
Passed-Through Eastern Kentucky PRIDE, Inc. PRIDE Community Grant Program (CFDA #11.469)	CF99-24	\$ 16,410
<u>U.S. Department of Transportation</u>		
Passed-Through State Transportation Cabinet Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) - Camp Nelson Civil War Park (CFDA #20.205)	Project # CH-002792	\$ 56,743
Passed-Through State Justice Cabinet: State and Community Highway Safety Program (Traffic Alcohol Program) (CFDA #20.600)		<u>870</u>
Total U.S. Department of Transportation		<u>\$ 57,613</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department of Local Government: Community Development Block Grants- Southeast Jessamine Rural Water Extensions Project Haydon Steel Services, Inc. (CFDA #14.228)	B-95-DC-21- 0001 (051) B-98-DC-21- 0001 (033)	\$ 764,794 <u>719,000</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 1,483,794</u>

JESSAMINE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Fiscal Year Ended June 30, 2000
 (Continued)

U.S. Department of Health and Human Services

Passed-Through State Cabinet for Families
 and Children:

Child Support Program (Title IV-D)
 (CFDA #93.563)

Not Available \$ 82,583

U.S. Federal Emergency Management Agency

Passed-Through State Department
 of Military Affairs:

Disaster and Emergency
 Assistance Grants-
 Coordinator Salary
 (CFDA #83.503)

Not Available \$ 4,993

U.S. Department of Justice

Passed-Through State Justice Cabinet:

Victim's Advocate
 (CFDA #16.575)

\$ 8,409

Total Cash Expenditures of Federal Awards

\$ 1,653,802

JESSAMINE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2000

Note 1 - Basis of Presentation

This schedule is presented on a modified cash basis.

Note 2 - The federal expenditures for the Community Development Block Grant - Haydon Steel Services, Inc. consists of grants to the following subrecipient:

<u>Subrecipient</u>	<u>Number</u>	<u>Pass-Through Grant Amount</u>
Jessamine County Economic Development Authority	B-98-DC-21- 0001 (033)	\$ 707,800

Note 3 - During fiscal year ended June 30, 2000, the county disbursed \$707,800 of Community Development Block Grant funds to the Jessamine County Economic Development Authority, a subrecipient of the county's federal financial assistance. As a part of the county's subrecipient monitoring activities, the county should ensure the Jessamine County Economic Development Authority obtains an audit in accordance with OMB Circular A-133 and then follow-up with the Authority until the audit is completed. As of the completion of our fieldwork, an audit has not been performed, but we understand that the Authority is in the process of obtaining a CPA to perform their audit. The Authority's audit is not required to be completed until March 31, 2001.

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**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

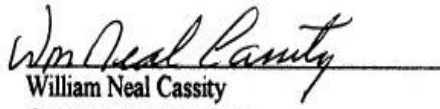
JESSAMINE COUNTY FISCAL COURT


Fiscal Year Ended June 30, 2000

Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
JESSAMINE COUNTY FISCAL COURT

The Jessamine County Fiscal Court hereby certifies that assistance received from Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


William Neal Cassity
County Judge/Executive


Dorothy Ward
County Treasurer